

Free Trade with India. An
Enquiry into the True State of
the Question at Issue

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THIRD EDITION.

Free Trade with India.

AN ENQUIRY

INTO

THE TRUE STATE

OF

THE QUESTION AT ISSUE

BETWEEN

HIS MAJESTY'S MINISTERS,

THE HONORABLE

THE EAST INDIA COMPANY,

AND

THE PUBLIC AT LARGE,

ON

THE JUSTICE AND POLICY

OF

A FREE TRADE TO INDIA.

By COMMON SENSE.

LONDON :

SOLD BY MESSRS. SHERWOOD, NEELY & JONES, PATERNOSTER-ROW,

1813.

[*Price One Shilling.*]

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PREFACE

TO THE
SECOND EDITION.

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THE first edition of the following view of the question of *a Free Trade* to India having been sold off in the space of two days, is a proof of the interest the public take in the question of a Free Trade; my aim has been to clear the subject of all extraneous matter, and present it in a plain and perspicuous manner to my readers, I have neither addressed myself to their prejudices nor their passions, but have endeavoured by a simple chain of reasoning to come at the truth, which is my single object, for being totally unconnected with Government, the East India Company, or mercantile concerns, I can have no motive for disguising it. Soon after the publication of the first edition on the 23d instant, I received the following letter, which will perhaps be more acceptable than any thing further from me by way of preface.

Tavistock Place, Jan. 25, 1813.

DEAR SIR,

I have read your *Common Sense*, which is good sense, and so intelligible that he who runs may read, and he who reads can scarcely fail to understand.

I wish you had treated the subject of monopolies more copiously, and informed your readers that in the early ages of commerce monopolies were so extended, and the principle so abused, that they could not fail to become obnoxious to all, and tradition has made the name hateful ever since.

Jameson

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The kings of France, particularly Louis XIV. to raise money sold *maitrices*, as they were called, or a sort of privilege for exercising certain trades, and he at the same time limited the number, this practice, together with the former monopolies not abolished, created a general wish for *Freedom of Trade* in France.* The sect of economists were composed of republican philosophers, who proclaimed the grand advantages to be derived from the entire Freedom of Trade, nor was it then foreseen that under that pretext they were seeking *Liberty and Equality*, which but a few years after deluged France with the blood of her best sons, and had nearly ruined the world.

You mention Adam Smith, he was the disciple and admirer of the economists; in a word he was what we denominate a democrat. As to entire Freedom of Trade, who that ever thought on the subject could dream of it. The corn laws, all bounties and drawbacks, the regulation even of weights and measures, the assay of silver and gold, the interest of money, &c. &c. &c. are directly in opposition to it, and prove the economists were wrong. When the French revolution broke out, excepting in weights and measures, every restraint was done away, but instead of things improving thereby they grew visibly worse. A short history of monopolies would be a very useful work, as it would clear up many mistakes concerning them.

If Adam Smith were now alive he would probably have changed many of his opinions, for he was a good, and honest, as well as an able man, but he was deceived, not being initiated in the ulterior mysteries of M. Turgot and his associates.

I am your's, &c.

* My friend does not seem to be aware that Buonaparte has generalized the principle; nearly all the tradesmen in Paris being compelled to purchase those *maitrices*. The principle is in some degree known and acted upon in England, as in the case of bankers, wine-merchants, &c. &c. &c. and the limited principle in the case of licences of public houses, &c.

FREE TRADE WITH INDIA,

&c. &c.

THE questions that have arisen of late respecting the East India Company, or rather *the Commerce with India*, for that is the stake and nothing less, are undoubtedly of great and serious importance. To enter into all the ramifications of the subject would require volumes, the mere bulk of which would startle most readers, and prevent their going into the question, and induce them to take up with the opinions of one, who appearing to have bestowed labour and attention on the subject, shapes his results in the manner best suited to his purpose. This mode of proceeding almost as old as the creation, and which will continue as long as any man pays a deference to the judgment of another, is the grand engine of designing men to bias the minds of the million who “hate the

“labour of a serious thought,” a specious appellation is enough for the million to form a decision upon. I could instance many of these senseless war-whoops from “*Liberty and Equality*” to “*a Free Trade*,”* were it necessary, or at all to the point.

This mode, however, is only objectionable in the hands of sinister persons, for where the question at issue like the present, is very intricate, some such mode must be had recourse to, in order to simplify the question; I have therefore always considered that to take a popular view of a subject, some great leading points must be seized, and from these our judgment should be formed. This, if not the most accurate, is at least the best mode, where what is called public feeling is to be consulted.

To study the interests of Great Britain and of British merchants with regard to the trade with India; to combine those with the territorial possessions and the interests of the country at large; to investigate also not only what would be the immediate consequences of a sudden change, but

* It would be a curious piece of history to enumerate the instances in which such watch-words have been used; by whom, for what purposes, and what were the results arising therefrom in each case.

what might be the ultimate effects, are all necessary, to form that sort of judgment proper for the basis of action. That those immediately concerned with the affairs of India have examined the subject with great care and to good purpose, is abundantly evident from the correspondence, speeches, and pamphlets, already before the public; fraught as they are with many important facts, much acute observation, and for the most part dictated by a desire to come, if possible, to the best conclusion, all this is evident, yet it strikes me that something useful remains behind.

Were the question simply between *Government* and *the Company*, I should not descant upon it; aware as I am that it has been canvassed by the parties on every ground and in every shape; but there is a *third* party who has interfered. The *merchants at large* all over the kingdom, the *shippers at the out-ports*, and the manufacturers in the interior, all urged on by what is termed the *public voice*, crying out *A Free Trade* and *No Monopoly*.

The trading towns, cities, and manufacturers do not pretend to have considered the subject minutely; therefore, for aught they know to the contrary, they are acting honestly and right; I will therefore address them with that open frank-

ness which such conduct deserves, and which may lead to a conclusion very different from what was aimed at in the last Session of Parliament.

For the sake of perspicuity I shall consider the subject under different heads.

- I. All monopolies are not wrong or injurious, as in some cases, we are the best and cheapest served by a monopoly; this proved, it follows that the India Company being possessed of a monopoly, does not of itself argue that it should be withdrawn.
- II. That the trade with India is far from being carried on, on the principle of monopoly.
- III. That any great change must be attended with great danger, consequently we must not follow theory too readily, but pay great respect to practice and experience.
- IV. That the public at large have no reason to complain of the India Company, as the articles brought by it

have not increased in price in proportion either to rums or sugars from the West Indies, where there is no monopoly.

V. That the merchants of Liverpool, Hull, &c. and the manufacturers in their endeavours to share the trade with London, are seeking what would be injurious to them.

VI. That some errors were fallen into in the present Charter, which may be advantageously corrected in the next, and a few slight amendments may be attempted with safety, but no great change or innovation.

I. *All monopolies are not wrong or injurious, as in some cases, we are the best and cheapest served by a monopoly, this once proved, it follows that the India Company being possessed of a monopoly, does not of itself argue that it should be withdrawn.*

The manner in which the public can be the best and cheapest supplied with an article, is in itself

the *best*, whether it be by a monopoly or not. This is conceded even by Adam Smith, that great enemy to monopolies ; and he adduces in proof *the Post Office*, which is *one of the strictest and most complete monopolies in existence*, yet the business is done remarkably cheap and well, and with a degree of security not otherwise attainable. It is infinitely more correct than the carriage of small parcels, which is by open competition, and all circumstances considered much cheaper.

The Bank of England is partly a monopoly, but by no means a complete one, and it is better regulated and does business better than private banks that issue notes, and which are so far its rivals.

Most of the concerns which have been brought to maturity in this country have first flourished as *monopolies* under the name of patents, and indeed there are many reasons for highly praising those temporary monopolies.*

* Lloyd's Coffee-House is in fact a monopoly, self created, and of a new species, a sort of *republican company*, resembling in some things, what are termed regulated companies, in contradiction to the joint stock companies, with this difference however, that the present members may exclude whom they please which is a monopoly principle.

The insurance companies are not exactly monopolies, neither are they free traders in the true acceptation of the term, jointly or separately taking insurances without legislative interference; and, without such companies, it would be impracticable to carry on insurance so well as it is done.

Navigations and water-works companies are monopolies in *principle*, but they are necessary and advantageous.

From all these examples it follows, that *monopoly* is not bad *merely* as *monopoly*, and that its being *injurious* depends on particular circumstances, and therefore the India Company being a company of monopolists, would not be a sufficient reason for its abolition, even were it proved to be so, but this has not yet been done.

II. *That the Trade with India is far from being carried on, upon the principle of monopoly.*

From the first discovery of India, and the most ancient and authentic records in existence, we learn that the trade to the East, which produces whatever is most brilliant to the eye, most delicious to the taste, or agreeable to the smell, has been the

envy of nations. To share in them, Solomon built Tadmor in the desert, (the Hebrew name, in Greek, Palmyra); for this Alexander the Great destroyed Tyre, built Alexandria and invaded India; for this trade Venice, Genoa, and Constantinople contended above eight hundred years, when the discovery of a passage by the Cape of Good Hope, wrested that commerce from the ancient competitors, and the Dutch and Portuguese became the successors of those inland merchants, who partly by caravans and partly by navigation, had supplied Europe with the silks, the pearls, the perfumes, and the precious stones of Asia from the earliest ages.

At so great a distance every power that traded found it necessary to have an establishment. The Inhabitants have not laws sufficient to protect the merchant, such as are necessary to a flourishing state of commerce; hence arose settlements and conquests, of the moral justice of which, I have nothing to say in this place; but being established, in order to maintain them, it was necessary to have revenues, and to continue certain privileges to the first traders, in order that they might act as a body, and supply from the general stock what was for the general advantage.

The great body of the public are perhaps not aware that so far from ever intending to make a

monopoly of the trade to India, there were in fact *two* companies *at one time*, and that experience proved it was necessary to unite them into one, since which period, the public, as well as the servants of the company have always been permitted to participate on certain conditions.*

The above is a very brief, but true history of the trade to India ; now we will consider its present state as a *supposed monopoly*. As to the trade to China in tea, and to certain other articles, and also to ships there is monopoly, but if the trade to China were open to all the irregularities of common trading vessels, we should be excluded from it entirely in six months. The utmost circumspection and delicacy being necessary in trading with that country, besides which, the commerce demands such a large extent of capital and produces so little profit, that it would not answer the purpose of individual merchants.

* The public does not, perhaps, know also, that Oliver Cromwell in levelling times, abolished the charter, but that like the *House of Peers*, which was also abolished, it was obliged to be restored. The present attempt, is in fact, a small attack of liberty and equality, that epidemical disease that raged in England at the time of the great rebellion, and in France at the beginning of the revolution. Destruction or a strait waistcoat must be the consequence of such a disease.

It is however sufficient for this article to say, that the company carry out and bring home a great variety of articles, at a fixed, and indeed at a very low rate of freight, such as no individual would do, or ever attempted to do. That if any manufacturer or merchant can find out an article that will sell in India, the company so far from preventing his doing so, afford him facilities not otherwise attainable. No mistake can in fact be greater than to say, with the uninformed and misled public, that the East India Company is a monopoly, and injures trade by preventing our merchants and manufacturers from having a scope for their capital and industry. Thus then the clamour raised last year, in favour of what is called a free trade, is entirely founded in error, but even were it not so, we may fairly enquire.

III. *Whether any great Change would not be attended with great Danger? If so we must not follow theory too readily, but pay great respect to practice and experience.*

The trade to India, in its present state, produces a great influx of wealth to the country, though but a very moderate average profit to the Proprietors as a trading company. We must, therefore, risk

this, if we consider that the French had an East India Company in 1789, and that by way of being liberal and free, they did what an inconsiderate public want us to do. They abolished the company, and let every one do as he pleased, when the trade vanished like a dream. L'Orient, the seat of French East India trade, fell, and no one rose in its place, neither towns nor individuals, and the trade with India became extinct in France. I will admit that such would not be precisely the case here, still we ought to keep such an example in our minds to warn us against the dangers of innovation; besides it is sufficient that our *present state* is good, for that is a sufficient reason to prevent our risking it by too sudden a change. If we follow experience slowly, we may perhaps make things better, and perhaps not; but at all events the error will be small and may be repaired, we can come back to the point we left. Whereas if we throw open the trade, or extend it even to a limited number of out-ports, we may find it impossible to retrieve the error, supposing it should turn out to be one. Softly and sure is a maxim which could never be better applied than in the present instance; and if a thousand sheets were to be written upon the expediency of the measure, after what has happened in France, it is quite evident that to the same conclusion we must come.

IV. *That the public at large have no reason to complain of the India Company, as the articles brought by it have not increased in price in proportion to either Rums or Sugars from the West Indies, where there is no monopoly.*

A single instance must convince the most sceptical. The East India Company carry British manufactures out to India at about 40s. per ton—a distance of seven thousand miles—a rate cheaper than the carriage for five hundred miles in any other direction; therefore our manufacturers have a good chance of selling their goods, owing to their not being greatly enhanced by freight, and the servants of the Company are allowed to traffic, so that every article adapted for the India market can find its way there without difficulty, though the Company itself may not enter into such details.

Those who wish to send goods to India are therefore highly indebted to the Company; and as to the imports I will ask the public only one simple question: Have East India commodities risen in price, notwithstanding the heavy duties and increased expences of ship-building, and every article relating thereto, so much as West India produce?

It is not necessary to dwell on this point ; it is an evident fact that the East India goods are far cheaper than they would be if brought over by individual merchants, and the supply is more regular. If sales are slow the Company keeps its goods at its own loss, with admirable good nature, or at least with admirable *sang froid*, and it never creates an artificial scarcity to enhance the price. The sales are by fair competition and without favour ; what would the public wish or desire more ? We come now to the next point.

V. *That the merchants of Liverpool, Hull, &c. and the manufacturers, in their endeavour to share the trade with London, are asking what would be injurious to themselves.*

Having already shewn the danger of any great change, let us consider the probability of advantage. When goods are shipped for such a remote market, it is essentially necessary, previously to ascertain, that they are wanted. Now when the exports are confined to one company, from its accurate knowledge of trade, it can proportion the quantities of the articles to the general demand for each ; but if there are 500 merchants, entirely ignorant of what each other are doing ; or what is worse, deceiving each other, in order to insure a better market for their own shipment, they will

necessarily send too much of some articles and not enough of others; hence many will be ruined, for they cannot carry their cargoes from port to port as in Europe or America: if the market is overstocked at the port they are bound to, there is no alternative, but sacrificing the cargo for what it will fetch, or leaving it on hand to await the chance of a future sale. On the return of the vessel, here the merchant awakes from his golden dream, and finds himself on the verge of bankruptcy, for the utmost limit of credit has expired—He is ruined!

As to our manufactures it is not probable that more would be consumed than at present, for as we have already observed, the officers in the Company's service carry out goods of all descriptions, and enter into competition with each other, and that whatever can be sold they can and do take out*; however if this reasoning be not satisfactory, there is a very easy way of extending that species of traffic without any danger.

* Besides, the Portuguese, Spaniards, Dutch, French, and English settlers in the interior have explored the country, and tried what extension they could give to the trade, so that the British merchants, who proceed on the idea that they will make discoveries, and form new connections, labour under a total mistake.

At present none of our manufacturers lose by bad debts with India; were the trade laid open, it would undoubtedly be worse than at Beunos Ayres, when one call from Sir Home Popham took out from three to four millions of British capital, (as a boatswain whistles his crew on deck,) to the great loss and disappointment of some, and the absolute ruin of many more. Now should the consumption of our goods not be increased; opening the trade would manifestly injure all embarking in it; for the freight and insurance could not be lower, but would be considerably higher than at present.

As to a few individual towns asserting a claim to participate in the commerce of India, it is a very singular and novel kind of claim: if I apprehend aright, the nature of things attaches particular advantages to particular places; I mean privileges which are *naturally* local.

The court, for example, is held at London, which brings a great influx of wealth to the metropolis. On this principle Edinburgh might put in a claim to have the court some part of the year, and such claim might be followed up by similar ones from the *keel-men* of Newcastle, the lock-smiths of Walsal, and the tinmen of Cornwall.

The thing is really too ridiculous to think seriously upon. Some advantages are not only local, but indivisible, and there is no injustice arising therefrom, though with a little sophistry in certain cases it may be made to appear injustice when it is really not so, which is the case in the present instance, for it is in the revenue that the nation is a gainer by the East India Company, and that must suffer considerably in the collection; besides, all the docks, warehouses, and other establishments made here, on the faith of the trade remaining as it is, must come into the question.

If trade must be dispersed equally over a country, like spreading manure on a field, it would be different; but there is an absurdity in the very idea of spreading it equally, and justice has absolutely nothing to do with the question; it is entirely a matter of policy and expediency.

VI. *That some errors were fallen into in the present charter, which may be advantageously corrected in the next; and a few slight amendments may be attempted with safety, but no great change or innovation.*

Making the dividends fixed, and independent of loss or gain, is wrong and absurd. No

effort can increase the dividend, no extravagance or negligence can lessen it, and it cannot be concealed, that from such a state of things it necessarily arises that patronage is the only bonus on India stock. There is some connection either with ship-builders, sail-makers, or the furnishers of stores, officers, secretaries, clerks, or appointments abroad.

It is true the connection is circuitous, and the patronage difficult to trace, but the fact resolves itself to this, that however it may be divided amongst them, the whole of the patronage of places and profits, at home and abroad, civil and military, is vested in the Directors and Proprietors, and that patronage is of an amazing amount and extent.

In this enquiry I have endeavoured at impartiality, I write not to serve the East India Company, but the country itself—Ministers want the East India patronage, it was for this, Charles Fox made his celebrated struggle; it is this golden prize that makes the present ministers hazard every thing to obtain; it is not the flimsy net-work mask of freedom of

✓ trade, the very worst pretext they could have found, IT IS THE PATRONAGE OF INDIA they fight for, and to obtain which, would break down every barrier, destroy every establishment, and trample on every right.—*Let those then who already think the influence of the Crown too great beware how they throw into the scale THE PATRONAGE OF INDIA.* Freedom of trade is like the Trojan horse, from it will issue what will destroy the freedom of the country.—There are many other errors in the arrangements of the Company, but they are minor ones and not worth detailing here. The grand question to be decided is, the opening of the trade, which I have already treated.

In conclusion then, MONOPOLY IS NOT ALWAYS INJURIOUS.—THE EAST INDIA COMPANY DOES NOT POSSESS A MONOPOLY. — GREAT CHANGES will be ATTENDED WITH GREAT DANGER. *The public has no reason to complain, nor the merchants any right to arrogate to themselves claims which do not exist.* There would be great risk and no advantage in sharing the

trade with the out-ports; and lastly, that the faults in the present system are entirely of a different nature, and may be easily and safely amended.

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